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REPORT OF THE FINANCE COMMITTEE FOR THE FISCAL YEAR ENDING MARCH 31, 1921

The Finance Committee present the following report on the financial operations of the Association for the fiscal year ending March 31, 1921.

We have audited the books of the Secretary and Treasurer and found them correct. We have examined and verified all vouchers. The respective reports of the Secretary and Treasurer set forth the details of the financial affairs of the Association, and are in accordance with their books.

OPERATING INCOME AND EXPENSE

In past years it has been the uniform custom of this and other Finance Committees, to use as the basis for figuring annual budgets the bank statement of the Treasurer. This practice is liable to mislead because, precisely speaking, neither the income nor the expense of the Association is therein correctly reported. There are accommodation receipts and expenses balancing each other which swell the total receipts and expenses reported by the Treasurer. For example, reprints of author's papers, binding cases, etc., represent initial outlays which later are returned.

Your committee has examined and audited the books of the Treasurer and the Secretary, and as before stated has found them to be correct, and their cash balances to agree. For the reasons just stated, however, the operating income and expense of the Association, as reported by the Treasurer and the Secretary do not agree. The actual figures, eliminating compensating expenses and repayments, are given in the Secretary's report, and will be used hereafter in this report.

The budget allowance recommended by the Finance Committee and approved by the Montreal Convention to cover the operating expenses of the fiscal year 1920-21 totaled \$15,350, and of this the net sum of \$15,136.12 was expended on the year's operations. The operating income, as shown in the report of the Secretary was \$13,128.40. The net deficit on the year's operations was \$2,007.72.

On April 1, 1920, at the beginning of the last fiscal year, the cash balance on hand in bank was \$2,392.52. At the close of the year it was \$234.74 showing a reduction of \$2,157.78. The net deficit being \$2,007.72, the difference, or \$150.06, is explainable by the fact that certain expenditures were made, as usual, by the Secretary's office for binding cases, etc., that are carried on the merchandise account. These items are not charged into profit and loss accounts as they represent stock on hand.

Summarized statement of accounts for the fiscal year ending March 31, 1921

| | |
|---|-------------|
| Balance on hand in bank, April 1, 1920..... | \$2,392.52 |
| Net income from all sources..... | 13,128.40 |
| | _____ |
| Total income..... | \$15,520.92 |
| Total operating expenses..... | 15,136.12 |
| | _____ |
| Disbursements for merchandise, now on hand..... | \$384.80 |
| | _____ |
| Balance on hand in bank, April 1, 1921..... | 150.06 |
| | _____ |
| | \$234.74 |

PERMANENT INVESTMENT FUND

There are now in the hands of the Treasurer, by authority granted the Finance Committee by the Executive Committee, certificates constituting the Permanent Investment Fund of the Association as follows:

| | <i>Par value</i> | <i>Market value June 1, 1921</i> |
|--|----------------------|--------------------------------------|
| Four \$1000 Dom. Can. 5% Bonds due Apr. 1931 | \$4,000 | \$3,520.00 |
| Four \$500 U. S. 1st Liberty Loan Bonds 3½%... | 2,000 | 1,750.00 |
| One \$1000 U. S. 2nd Liberty Loan Bond 4¼%... | 1,000 | 870.00 |
| Two \$1000 U. S. 3rd Liberty Loan Bonds 4¼%... | 2,000 | 1,811.20 |
| Two \$1000 U. S. 4th Liberty Loan Bonds 4¼%... | 2,000 | 1,741.20 |
| One \$1000 U. S. Victory Loan Bond 4½%..... | 1,000 | 980.60 |
| | _____ | _____ |
| Total..... | \$12,000 | \$10,673.00 |

BUDGET ALLOWANCES AND DISBURSEMENTS, 1920-21

While last year's budget total was sufficient to cover all needs, the allowances for some items were too small, and for one item, committee expenses, too large. Convention expenses exceeded the allowance by \$261.47. Section expenses overran the budget by \$117.84. The cost of printing the JOURNAL exceeded the allow-

ance by \$583.96. On the other hand, since there were no special meetings of the Executive Committee, the allowance for committee expenses was underrun by \$1,040.13.

When it was seen that the allowances for certain items in the budget surely would be more than wiped out by the necessary expenditures under those items the Executive Committee, as provided for in the Constitution, voted the transfer of funds from other items with the stipulation that the total budget allowance voted by the Montreal Convention should not be exceeded.

Following is a statement of the budget allowances and disbursements for the past fiscal year:

| | <i>Budget</i> | <i>Disbursements</i> |
|-------------------------------|---------------|----------------------|
| Convention expenses..... | \$700.00 | \$961.47 |
| Office expenses..... | 1,000.00 | 1,004.98 |
| Committee expenses..... | 1,200.00 | 158.87 |
| Section expenses..... | 600.00 | 717.84 |
| Insurance..... | 75.00 | 62.00 |
| Salary of Secretary..... | 500.00 | 500.00 |
| Salary of Ass't to Sec'y..... | 1,200.00 | 1,200.00 |
| Salary of Editor..... | 1,200.00 | 1,200.00 |
| Printing of JOURNAL..... | 7,500.00 | 8,083.96 |
| Office rent..... | 1,080.00 | 1,080.00 |
| Contingencies..... | 295.00 | 167.00 |
| <hr/> | | |
| Totals..... | \$15,350.00 | \$15,136.12 |

EXTRAORDINARY EXPENSES FOR THE NEXT FISCAL YEAR

Last year the formation of a Council on Standardization was authorized by the Montreal Convention. The work of this Council bids fair to raise the usefulness of the Association to a far higher plane than it ever occupied before. The past year has been devoted to organization of the various committees designed to function under the Council. This year Committee work will commence in earnest. We have discussed the financial needs of the Council with its Chairman, and in the budget (Committee Expenses) are including \$2,000 for this work. We realize that this sum is far below the amount of money which the Council could use to advantage, nevertheless in recommending its approval we realize that, if it is all used, it probably will be necessary to draw upon our permanent investment fund, as our income for next year, even with the increased dues, will not meet the expenses of the Association when this new, but we believe highly necessary, item is added. We express the

hope, therefore, that only so much of the \$2,000 will be used by the Council on Standardization as will be productive of commensurate results.

It seems inevitable that we must face also an increase in operating expenses in a number of other items this year. Convention expenses appear to be steadily increasing. Office expenses, if therein is directed a much needed campaign for new members, will easily run into \$1200, or \$200 over last year's expenditures under this item. A more liberal allowance for section expenses is demanded, and a creditable JOURNAL cannot be produced at prevailing charges for stock and printing for less than \$8,000.

The Editor suggests that the editorial work of his department is worth \$900, a reduction of \$300 in his present salary. Your Committee is pleased to rely upon his judgment in this regard, but recommends that the \$300 thus saved be added to the Secretary's salary, making it \$800 instead of \$500 as at present. This would make the salary cost of the Secretary's office for a full time Secretary and Assistant to the Secretary but \$2000, and if such service if worth anything it is worth that.

ESTIMATED INCOME FOR THE FISCAL YEAR, 1921-22

In view of the almost unavoidable increased operating expense of this year, and when serious consideration is being given to expanded activities calculated to make the Association a bigger and better agency for the promotion of water works affairs, it is well at this time to analyze our resources. We have discussed this question among ourselves and necessarily have taken counsel with the Secretary. As a result we have estimated that the net income for the current fiscal year will be as follows, basing our figures on the membership lists as of April 1, 1921:

| | |
|--|----------|
| 1286 active members at \$7.00..... | \$9,000 |
| 104 corporate members at \$10.00..... | 1,040 |
| 147 associate members at \$15.00..... | 2,205 |
| | _____ |
| Total from annual dues..... | \$12,245 |
| Estimated initiation fees | \$1,000 |
| Estimated income from advertisements in JOURNAL..... | 2,500 |
| Interest on investments and deposits..... | 500 |
| Miscellaneous..... | 500 |
| | _____ |
| Total..... | \$4,500 |
| Estimated Grand Total Income..... | \$16,745 |

RECOMMENDED BUDGET FOR THE YEAR 1921-1922

In view of all the foregoing your Committee recommends the following budget to cover the operating expenses of the Association during the current fiscal year:

| | |
|-------------------------------|--------------|
| Convention expenses..... | \$800 |
| Office expenses..... | 1,200 |
| Committee expenses..... | 2,800 |
| Section expenses..... | 900 |
| Insurance..... | 75 |
| Salary of Secretary..... | 800 |
| Salary of Ass't to Sec'y..... | 1,200 |
| Salary of Editor..... | 900 |
| Printing of JOURNAL..... | 8,000 |
| Office rent..... | 1,080 |
| Contingencies..... | 245 |
| Total..... | \$18,000 |

As had been set forth above we estimate the net income of the Association during the current year at a total of \$16,745. The foregoing budget calls for \$1255 in excess of this figure. A strenuous but inexpensive campaign for new members which would bring in over and above our present anticipations 70 active members, 10 corporate, and 10 associate members would, in initiation fees and one year's dues, account for the deficiency above stated. Failing to accomplish the required end in this most desirable fashion expenditures outside of salaries and rent must be cut all along the line or else we must draw upon our investment fund. Rather than that the useful work of the Association should be curtailed through lack of sufficient funds your Committee would prefer withdrawals from our surplus. Nevertheless it has taken many years to build up this fund which is the kind of money all too easily and thoughtlessly spent when once a start is made, and your Committee hopes that special effort will be made by all classes of membership to bring in new members. It is the only right way to finance the growing activities of the Association.

In recommending a budget this year in sum total exceeding the anticipated income, your Committee desires to state that it does so primarily to care for the apparent needs of the Association during the next year, after which it is hoped that increased membership and increased dues will suffice to meet all financial requirements of the Association.

The Treasurer's report shows a balance of \$950.55 in the Electrolysis Investigation Fund.

The Treasurer is under bond for \$10,000 in accordance with the order of the Executive Committee, and this bond is in the custody of the Chairman of the Finance Committee.

In conclusion, your Committee strongly recommends that the principle of transferring funds from one budget item to another, upon which there has been an unexpected drain, be approved. It is impossible to estimate many of the real needs under some of the items a year in advance, and the work of the Association should not be crippled by rigid adherence to the budget which is actually not passed upon until months after it should be to become a business like financial procedure. The Publication Committee has to print the March and May JOURNALS and send the July JOURNAL to the printer before the budget covering such work is made up; thus it is readily seen that the Committee is badly handicapped by present methods.

GEORGE A. JOHNSON,
Chairman,
J. WALTER ACKERMAN,
GEORGE C. ANDREWS.

Addendum. The Chairman of your Finance Committee, after four years' service, has requested the incoming President to relieve him of his duties. He does this regretfully because of the uniformly pleasant associations during his entire tenure of office, but believes that four years is long enough for any one man to hold down such a job. His best wishes, mingled with a considerable feeling of sympathy, are extended to his successor.

GEORGE A. JOHNSON.